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IN THE

Supreme Court of the United States

OCTOBER TERM, 1961

No. 316

ALUMINUM COMPANY OF AMERICA, ELECTRO-CIRCUITS, INC., and CURTISS-WRIGHT CORPORATION,

Petitioners,

vs.

SPERRY PRODUCTS, INC., FLOYD A. FIRESTONE and UNITED AIRCRAFT CORPORATION,

Respondents.

BRIEF OF RESPONDENT SPERRY PRODUCTS, INC. IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT FILED AUGUST 14, 1961.

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OPINIONS BELOW

Opinion of Court of Appeals, 285 F. 2d 911.

Opinion of District Court, 171 F. Supp. 901.

OTHER MATERIALS

House Report No. 1923, 82nd Congress, 2nd Session, pages 5 and 19.

STATUTE

35 U. S. C. 112:

"§ 112. SPECIFICATION

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, material, or acts in support thereof, and such claim shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof."

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Petitioners seek review of the judgment of the Court of Appeals for the Sixth Circuit in this case in so far as it affirmed:

(a) a District Court judgment dismissing a patent misuse defense and a counterclaim of ElectroCircuits, Inc. for alleged violation of the antitrust laws; and

(b) a District Court judgment of validity and infringement of U. S. Patents 2,280,226 (referred to as patent No. 1) and 2,467,301 (referred to as patent No. 3).

Respondent Sperry Products, Inc., plaintiff-appellee in the proceedings below, opposes the grant of petition for

writ of certiorari herein on the ground that there is no important public question, no conflict of decision and no other reason to warrant this Court reviewing any part of the case below.

This Court is merely being asked to act as an appellate court to review factual decisions as to which both the District Court and the Court of Appeals were in agreement.

Statement of Facts

The important fact, for purposes of the petition, is that both the Trial Court and the Court of Appeals concurred in finding on the facts that patents Nos. 1 and 3 (the only patents to which the petition is directed) are valid and are infringed by petitioners and in finding on the facts that the defense of misuse and the counterclaim based thereon are without merit.

Petitioners do not dispute the concurrence of findings; the petition asserts (p. 6):

> "The Opinion of the Court of Appeals (285 F. 2d 911) affirms the District Court with respect to its findings of validity and infringement of the asserted claims of Patents Nos. 1, 3 and 4, affirms the District Court in its dismissal of the misuse defense and counterclaim, • • •".

In their detailed "Statement of Facts" petitioners attempt to paint a factual picture creating the impression that both the Trial Court and the Court of Appeals were wrong in their holdings. We point out that petitioners' statement is an unreliable guide to the facts. We shall not take the time and space to point out each error but shall confine our remarks to a discussion of the question whether any reason exists why this Court should concern itself with the case.

Argument

Petitioners' Basic Contentions and Asserted Reasons for Granting the Writ Are Without Foundation

Petitioners set forth two reasons for the grant of the Writ on page 5 of the petition under the heading "Introduction" and set them forth again somewhat more at length on pages 31-32 under "Reasons for Granting the Writ".

1. Petitioners' first reason is the assertion "That the public safety is vitally affected by the outcome of this case . . .".

We submit that, entirely apart from the spuriousness of the label "public safety",* this is not true.

It is not true as to petitioners' "First Question"—namely, whether trade was unreasonably restrained by a particular agreement. The agreement asserted to be illegal existed only nine months (171 F. Supp. at 932);** it affected doubtfully and at most the sale of only one piece of apparatus (*Ibid.* at 932); there is no evidence that it ever injured petitioners or anyone else (171 F. Supp. at 938); both lower courts held that it never unreasonably restrained trade (Trial Court, 829a, Court of Appeals, 285 F. 2d at 926-7); and, in any event, the agreement terminated in November, 1953 (664a)—over seven years ago!

There is obviously no matter of public safety currently involved in the First Question—nor was there at any time.

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* The alleged "public safety" aspect relied on by petitioners is that, among the many uses of respondent's invention, is the use to test aluminum forgings to be used in airplanes.

** In this brief, citations to the record are citations to the record as printed for use in the Court of Appeals, namely, appellants' appendix denoted by suffix "a" and appellees' appendix denoted by suffix "b". Citations to the opinions of the Court of Appeals and District Court refer to those opinions as printed in the Federal Reporter.

Likewise, it is not true that anything involved in petitioners' "Second Question" affects public safety—the "Second Question" being whether the patents should have been held valid and infringed in view of Section 112 of the 1952 Patent Act. The holding of patent validity and patent infringement complained of does not deprive the public of apparatus needed for public safety* or for any other pur-

* The contention that the public needs petitioners' apparatus is grounded on a basic factual error that runs through petitioners' whole presentation, namely, that so-called "immersion" equipment is unique with petitioners, that "immersion" equipment is needed to test aluminum forgings and that the respondent Sperry Products, in manufacturing apparatus under the patent in suit, made apparatus which could not be used for "immersion" testing and refused for years to produce such equipment as requested by the aircraft manufacturers. These assertions are contrary to the record and both courts held contrary to the petitioners' contention (171 Fed. Supp. at 920-21; 285 F. 2d at 925). The fact is that the equipment made by Sperry under the patent in suit is capable of use in "immersion" testing (287b) and, on the testimony of petitioners' own witness, Sperry apparatus was used for "immersion" testing before petitioners made any so-called immersion equipment (see photo of Sperry equipment being used for immersion testing—D22 1242a—and testimony of defendants' witness Hitt, 481a, 447a, 449a-451a; Richards, 664a-665a). Sperry did furnish improved apparatus in accordance with the request of aircraft manufacturers; the reason that it was different than petitioners' Immerscope is that, at the request of the aircraft manufacturers, it added equipment making it generally more useful, and consequently larger, than petitioners' (235b; 252b). The Wide Band Converter developed by ElectroCircuits was not necessary to make the Sperry apparatus work for immersion testing but rather was developed in order to give the Sperry apparatus a wider band of frequencies so as to permit the detection of flaws closer to the surface of the metal being tested (250b; 286b-287b). Sperry's apparatus had various ranges but some manufacturers desired an even greater range of frequency—hence, the Wide Band Converter, and hence the later Sperry apparatus made at the request of the airplane manufacturers with more ranges.

Both petitioners' Immerscope and Sperry's Reflectoscope are used in immersed and in contact testing (253b; 340b). Petitioners' witness, Mr. Cline of Aluminum Company of America testified that that company uses both the Sperry apparatus (the UW) and the petitioners' apparatus (the Immerscope). He testified (246b):

> "We like both instruments, and we use them where we feel they are best fitted. In other words, if the UW is too large for a certain installation, then we may go to the immerscope because it is a smaller unit and weighs much less. * * *"

pose. There are other kinds of apparatus in use in competition with the patented apparatus (161b; 180b; 230a-231a; 233a; 310b; 337b); respondent is in a position to supply the demand for the apparatus in controversy; licenses are available to petitioners, as well as to others, under any still existing patent to make and use the apparatus;* moreover, the basic patent No. 1 on which petitioners base their whole argument concerning Section 112 expired April 21, 1959—over two years ago!

The plain fact is that both the questions presented by petitioners are stale, moot questions in so far as any possible effect on the public is concerned.

It is quite apparent that petitioners petition this Court merely to continue the litigation in an effort to avoid paying a fair royalty for their appropriation of the inventions of the patents in suit.

2. Petitioners assert as their second reason for the granting of the Writ (p. 5 and p. 31) that the Court of Appeals, in holding patent No. 1 valid and infringed, has greatly extended the scope of the monopoly obtainable through patents and that, in doing this, it "has decided Federal questions in direct conflict with decisions of this Court".

Consideration of the facts shows that this is not so.

The petitioners here attempt to argue that the 1952 Patent Act, and particularly Section 112 thereof, was merely a codification of the prior law and that under the prior decisions of this Court, the decisions of the Court of Appeals and the Trial Court were wrong.

The reports of the House and Senate Committees make it clear that the 1952 Patent Act was not merely a codifica-

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* Although there is nothing in the record on this, the respondent's policy of granting licenses is well-known to petitioner Curtiss-Wright inasmuch as a license has been offered to it—and copies of other granted licenses have been furnished to it as part of the negotiations.

tion. The House report states (82nd Congress, 2nd Session, House Report No. 1923, p. 5):

> ". . . there are a number of changes in substantive statutory law."

And the Revision Note states in the same House Report concerning Section 112 (p. 19):

> "A new paragraph relating to functional claims is added."

The new paragraph in Section 112 is, in part, as follows: (See full text of Section 112 *ante*, p. ii.)

> "An element in a claim for a combination may be expressed as a means or step for performing a specified function, without the recital of structure, material, or acts in support thereof. . . ."

The assertions made in the petition concerning the ***broadening*** nature of the Act and an adverse public effect given to it by the court below are baseless. The Act is new in permitting functional *language* in claims but the Act does not make the patent *monopoly* as broad and sweeping as the functional language which it permits in the claims. On the contrary, the Act specifically guards against any broadening of the monopoly by providing:

> "and such claim shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof."

The court below applied this statutory limitation to the language of the claims in suit and found (285 Fed. 2d at 916):

> "We consider that the elements of the combination constituting the claimed invention are sufficiently defined and described in the specifications to support the claims in suit as stated."

And, in determining infringement, namely the scope of the monopoly, the Court was careful to apply the same statutory limitation. The Court noted (p. 923): "The pertinent question here is whether the Immerscope follows the teachings of plaintiffs' patents" and cited numerous decisions *including decisions of this Court* to the effect that "an infringement . . . 'is a copy of the thing described in the specification of the patentee . . . with such variations as are consistent with its being in substance the same thing' ".

The decision was not based on any thought that Section 112 changed the test of infringement—but rather was based on the time honored law many times announced by this Court.

We are led to comment, as we did with respect to petitioners' first reason for granting the Writ, that this reason presents no question of public interest to warrant consideration by this Court but is merely an attempt by petitioners to avoid paying fair royalty for their appropriation of the inventions of the patents in suit.

Also, we note that the question presented is stale as far as the public is concerned; the only patent in suit involved in the interpretation of Section 112 of the 1952 Patent Act is patent No. 1 and this patent expired in April of 1959—over two years ago.

Brief Comment on the Questions Presented

First Question

Petitioners' "First Question" is:

"Is trade unreasonably restrained by . . ."

the particular fact situation of the present case.

Petitioners do not contend that any conduct of Sperry was *per se* objectionable or that the Court of Appeals

failed to apply the applicable law. Petitioners' only criticism of the Court of Appeals is (p. 12) that the Court of Appeals "failed to refer to the circumstances surrounding the agreement in question and the unreasonableness thereof as it applied in practice."

This criticism of the Court of Appeals is completely without foundation as immediately appears from consideration of the opinion of the Court of Appeals itself.

The Court of Appeals (p. 926) quoted at length from the extensive *factual* findings of the District Court saying:

> "Another claim of the defendants is that Sperry imposed a 'tying' agreement upon Electro Circuits and that this agreement is illegal and constitutes the misuse of the Sperry patents, and it is a violation of the anti-trust laws. In this connection the trial court made the findings as follows:"*

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* The findings of the Trial Court are as follows (171 F. Supp. at 931-33):

"Electro Circuits was organized in California in 1951. It commenced active operations in that state in July 1951. Its first development was a weld inspection apparatus which was followed by the development of a Wide Band Converter and the Immerscope. These devices operate on the principle of the pulse echo method of ultrasonic testing. At the time of its first development Electro Circuits attempted to secure a license under the Sperry patents in return for its agreement to purchase from Sperry unpatented sub-assemblies of the latter's patented devices. Sperry rejected this proposal. When Electro Circuits was ready to market its Wide Band Converter, Richards, the president of that company, had a conference with the officials of Sperry with a view of securing an agreement that would permit Electro Circuits to manufacture and sell its Wide Band Converter without being sued for infringement. . . . It was agreed between the parties, however, that Sperry would forebear instituting suit for infringement provided Electro Circuits sold its Wide Band Converter for use only in conjunction with Sperry's Reflectoscopes. The Wide Band Converter was designed so that it could be 'plugged in' to a Reflectoscope. Under this arrangement of joint use, only the display portion of the cathode ray oscilloscope of Sperry's in-

(Footnote continued on following page)

The Court of Appeals then discussed the facts and stated its own conclusions on the facts, saying (pp. 926-927):

> "This agreement does not provide for the sale of any article covered by the patents in suit. Obviously then it does not provide that some other article either patented or unpatented must be purchased in order to get an article covered by the patents in suit. The agreement permits Electro Circuits to market its Wide Band Converter without being subjected to a suit for infringement. At this point, the parties to the agreement assumed that the Wide Band Converter infringed the Sperry patents. This being so, Sperry could have prevented the sale of the converters or could have sued the users for infringement. Sperry was legally entitled to be free of competition in the use of its patents. Under the agreement, no trade was unlawfully restrained. An article was thus introduced into commerce that might otherwise have been withheld from the markets.
>
> "There is no tying agreement here as that term has been defined by the courts.

• • • •

(Footnote continued from preceding page)

strument was used. All other functions of the dual apparatus were performed by the Wide Band Converter. The agreement remained in effect for about 9 months, during which time Electro Circuits sold 8 Wide Band Converters to owners of Reflectoscopes and one Wide Band Converter to a customer who agreed to its use with a Reflectoscope to be purchased from Sperry. In March 1953 Farwell, president of Sperry, learned through an advertisement in a trade journal that Electro Circuits was making a B Scan display in connection with its Wide Band Converter. Farwell considered this a breach by Electro Circuits of its agreement and an infringement of Sperry's patents, and notified Electro Circuits to this effect. Thereafter officials of Electro Circuits went to New York and there conferred with representatives of Sperry.

At this time Electro Circuits was negotiating with the Magnaflux Company with a view of engaging the latter to act as its distributor. In making the trip to New York Richards

(Footnote continued on following page)

> **"We conclude that the trial judge was not in error in finding that the agreement in question was neither a violation of the anti-trust laws nor a misuse of the patents in suit."**

Obviously, petitioners are wrong in saying the Court of Appeals did not consider the surrounding facts.

Second Question

In their discussion of the Second Question, petitioners would create the impression that the Court below created

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(Footnote continued from preceding page)

stopped in Chicago and informed Magnaflux of Sperry's notice of infringement. On May 6, 1953 Richards held a series of conferences with Sperry in New York, at which time many proposals were made and rejected. It was finally agreed, however, that Electro Circuits might continue selling its Wide Band Converter and B Scan for use with the Reflectoscopes for a period of six months, after which time Electro Circuits would convert its equipment to the F-M system of ultrasonic inspection, on which it held a patent. Before returning to California, Richards again stopped at Chicago and saw the officers of the Magnaflux Company. On this occasion he learned that Magnaflux had received an opinion from a firm of patent lawyers that the Sperry patents probably were invalid. When he arrived back in California, Richards requested a firm of patent attorneys in San Francisco to submit opinions on two questions: (1) whether its F-M system infringed the Sperry patents, and (2) whether the Sperry patents were invalid. The opinions received were to the effect that the F-M system did not infringe and that the Sperry patents probably were invalid. Thereafter, at the end of the six months period, Electro Circuits did not convert its equipment to the F-M system—instead it incorporated a cathode ray oscilloscope in its wide band converter and called the new self-operating unit an Immerscope. In only one instance did Sperry sell a Reflectoscope that was to be used with the Wide Band Converter. In that case Sperry imposed no condition upon the use of its instrument but merely agreed that in addition to its use in the usual manner the purchaser might also use the Reflectoscope in conjunction with the Wide Band Converter. The other eight sales of Wide Band Converters were made by Electro Circuits to owners of Reflectoscopes and Sperry merely consented to the use of its invention in the manner described above. At no time in connection with any of the transactions did Sperry attempt to enlarge its lawful monopoly under its patents. * * *"

new law by an unsound application of Section 112 and by flying in the face of applicable prior decisions of this Court in determining infringement of patent No. 1. But, as we have previously pointed out, the opinion of the Court makes it clear that this is not so. In the first place, the Court explicitly noted the limitation of Section 112 and held that the claims in suit were within the limitation saying (p. 916):

> "We consider that the elements of the combination constituting the claimed invention are sufficiently defined and described in the specifications to support the claims in suit as stated."

In the second place, in determining the principles to be applied in determining infringement, the Court below cited and relied on seven decisions of this Court as well as decisions of lower courts and did not refer at all to Section 112. It said (p. 924):

> "With these principles in mind, we proceed to analyze the Immerscope with reference to infringement of the Firestone patents."

After two pages of analysis of the facts* concerning petitioners' Immerscope apparatus, it concluded (p. 925):

> "Upon a careful analysis of the elements and functioning of the Immerscope and Firestone patent No. 1, we conclude that the Immerscope operates in substantially the same way and uses substantially the same means as that which forms the substance of the Firestone invention.
>
> Accordingly, we sustain the District Court's finding that claims numbered 2, 3, 4, 10 and 11 of patent No. 1 are infringed."

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* Also, we direct attention to the extended analysis of the invention which appears at pages 914-915 of the opinion.

Petitioners mix into their discussion of the alleged effect of Section 112 on patent No. 1 repeated assertions concerning patent No. 3. These are wholly irrelevant and confusing. Petitioners do not contend that Section 112 has any bearing on patent No. 3 whatsoever or that the Court's decision that petitioners infringed patent No. 3 was based in any way on Section 112. The Court held (p. 925):

> "There seems to be little question that the Immerscope infringes all of the claims of patent No. 3. The defendants virtually admit this in their argument on the validity of the claims of patent No. 3 (Defendants' brief p. 40). We are in accord with the findings and conclusions of the trial judge on this question. The claims of patent No. 3 are infringed by the Immerscope."

Petitioners petitioned the court below for rehearing on the question of infringement of patent No. 3 but did not even mention Section 112. The Court in denying the petition said (Petitioners' Appendix, p. 41):

> "The questions of validity and infringement of this patent having been fully considered and discussed in the opinion of the trial judge, 171 F. Supp. 901, 920, 923, and in the opinion of this Court, *supra*, the petition for rehearing of the defendants-appellants is hereby denied."

CONCLUSION

It is submitted that there is no reason or basis for issuance of a writ of certiorari and that the petition should be denied.

Respectfully submitted,

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